PRUDENTIAL INDICATORS
CAPITAL EXPENDITURE

This is an estimate of the amount of investment planned over the period. As can be seen, not all investment necessarily has an impact on the Council Tax, schemes funded by grants, capital receipts or external contributions mean that the effect on the Council Tax is greatly reduced.

Capital Expenditure - General Fund £000s	2024/25 Actual	2025/26 Approved budget	2025/26 Actual	Notes	2026/27 as agreed by Full Council 31st March 2026	Amended 2026/27 for carry forwards
Total Capital Expenditure	**3,809**	**69,580**	**9,746**		**1,570**	**61,406**
Financing - General Fund						
External contributions	(333)	(52)	-		-	(52)
Section 106	(14)	(155)	(155)		-	-
Other Government grants	(1,539)	(47,330)	(6,887)		-	(40,443)
Disabled Facilities Grant	(1,460)	(11,720)	(2,050)		(1,000)	(10,670)
Capital receipts	10	(3,874)	-		(500)	(4,374)
Direct revenue contributions	(257)	(1,656)	(201)		(70)	(1,525)
Earmarked reserves	(216)	(4,793)	(453)		-	(4,342)
Total Capital Financing	**(3,809)**	**(69,580)**	**(9,746)**	**-**	**(1,570)**	**(61,406)**
Net Financing need (External Borrowing)	**0**	**0**	**0**		**0**	**0**

Housing Revenue Account Capital Schemes £000	2024/25 Actual	2025/26 Approved budget	2025/26 Actual	Notes	2026/27 as agreed by Full Council 31st March 2026	Amended 2026/27 for carry forwards
Total Capital Expenditure	**7,916**	**7,312**	**3,427**		**6,900**	**9,295**
Financing - Housing Revenue Account						
Major repairs reserve	(3,314)	(3,556)	(2,765)		(3,556)	(4,347)
Direct revenue contributions	(1,015)	(1,490)	-		(1,537)	(1,537)
Earmarked Reserves	(423)	(1,430)	(414)		-	(1,016)
Section 106	(651)	(693)	(105)		-	(588)
Capital receipts	(2,513)	(143)	(143)		(1,807)	(1,807)
Total Capital Financing	**(7,916)**	**(7,312)**	**(3,427)**		**(6,900)**	**(9,295)**
Net Financing need (External Borrowing)	**0**	**0**	**0**		**0**	**0**

CAPITAL FINANCING REQUIREMENT

Each year, the Council finances the capital programme by a number of means, one of which could be borrowing. The Capital Financing Requirement (CFR) represents the cumulative amount of borrowing that has been incurred to pay for the Council's capital assets, less amounts that have been set aside for the repayment of debt over the years. The Council is only allowed to borrow long term to support its capital programme. It is not allowed to borrow long term to support its revenue budget.

CAPITAL FINANCING REQUIREMENT	2024/25 Actual	2025/26 Estimate	2025/26 Actual	Notes	2026/27 as agreed by Full Council 31st March 2026
	£000	£000	£000		£000
General Fund	4,632	4,528	4,337		4,381
Housing Revenue Account	32,535	31,121	31,121		29,707
Total	**37,167**	**35,649**	**35,458**		**34,088**

GROSS DEBT AND THE CAPITAL FINANCING REQUIREMENT

This indicator compares the Capital Financing Requirement to the level of external debt and shows how much of the capital programme is financed from internal resources. The capital programme is partially funded in the short to medium term by internal resources when investment interest rates are significantly lower than long term borrowing rates. Net interest payments are, therefore, optimised.

PRUDENTIAL INDICATOR	2024/25 Actual	2025/26 Estimate	2025/26 Actual	Notes	2026/27 as agreed by Full Council 31st March 2026
	£000	£000	£000		£000
Capital Financing Requirement	37,167	35,649	35,458		34,088
External debt	30,654	28,232	28,232		25,811
Internal borrowing	6,513	7,417	7,226		8,277

OPERATIONAL BOUNDARY AND AUTHORISED LIMIT

The Council must set an operational boundary and authorised limit for external debt. The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It reflects the decision on the amount of debt needed for the Capital Programme for the relevant year. It also takes account of other long term liabilities, which comprise finance leases, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt. The Council only has Finance Leases at the present time.

The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

PRUDENTIAL INDICATOR	2024/25 Actual	2025/26 Estimate	2025/26 Actual	Notes	2026/27 as agreed by Full Council 31st March 2026
	£000	£000	£000		£000
Operational boundary - borrowing	67,603	68,503	68,503		70,984
Authorised limit - borrowing	76,747	78,171	78,171		80,735

RATIO OF FINANCING COSTS TO NET REVENUE STREAM

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, but this is no longer net of investment income.

ESTIMATE OF THE RATIO OF FINANCING COSTS TO NET REVENUE	2024/25 Actual	2025/26 Estimate	2025/26 Actual	Notes	2026/27 as agreed by Full Council 31st March 2026
	%	%	%		%
General Fund	2.13	1.06	1.96		1.04
Housing Revenue Account	43.91	38.19	38.48		40.87

RATIO OF COMMERCIAL AND SERVICE INVESTMENTS TO NET REVENUE STREAM

This indicator highlights how much of the Council's net revenue spend is financed by income from commercial and service investments. The Council has one commercial investment and no service investments

ESTIMATE OF THE RATIO OF COMMERCIAL INVESTMENTS TO NET REVENUE	2024/25 Actual	2025/26 Estimate	2025/26 Actual	Notes	2026/27 as agreed by Full Council 31st March 2026
	%	%	%		%
General Fund	-1.43	-1.28	-1.46		-0.94

INTEREST RATE EXPOSURE

Tendring District Council currently has all its borrowings at fixed rate and usually has a mixture of fixed and variable rate investments. This indicator is set to control the Council's exposure to interest rate risk.

PRUDENTIAL INDICATOR	2024/25 Actual	2025/26 Estimate	2025/26 Actual	Notes	2026/27 as agreed by Full Council 31st March 2026
	£000	£000	£000		£000
Upper limit for Fixed Interest Rates on debt	37,167	35,636	35,458		34,088
Upper limit for Variable Interest Rates on debt (based on 30% of the fixed rate limit)	11,150	10,691	10,637		10,226

TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS (excluding property)

Interest rate risk is also affected by the proportion of the investments invested at fixed rates for longer periods, especially in a period when rates are expected to rise.

PRUDENTIAL INDICATOR	2024/25 Actual	2025/26 Estimate	2025/26 Actual	Notes	2026/27 as agreed by Full Council 31st March 2026
	£000	£000	£000		£000
Limits on the total principal sum invested to final maturities longer than 364 days	3,500	3,500	3,500		3,500

MATURITY STRUCTURE OF FIXED RATE BORROWING

This indicator is set to control the Council's exposure to refinancing risk. The limits are set for each age range to ensure that the Council avoids too many fixed rate loans being matured at one time and spreads the maturity across several periods. The percentages for the upper and lower limits do not add up to 100% as they do not represent an actual allocation.

PRUDENTIAL INDICATOR	Upper limit	Lower limit	Actual outstanding debt maturity % at		2026/27 as agreed by Full Council 31st March 2026
	%	%	31/03/2026		31/03/2027
Under 12 months	25	0	8.58%		4.22%
12 months and within 24 months	30	0	3.86%		4.22%
24 months and within 5 years	60	0	11.59%		12.67%
5 years and within 10 years	75	0	13.86%		13.86%
10 years and above	95	25			
10-20 years			8.98%		8.98%
20-30 years			53.13%		58.12%
>30 years			0.00%		0.00%

TREASURY INDICATOR - EXPOSURE TO CREDIT RISK

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) using the rating applicable when it is taken out and taking the arithmetic average, weighted by the size of each investment. Investments in government instruments such as DMO, treasury bills and in local authorities are scored as 1.

TREASURY INDICATOR	2024/25 Actual	2025/26 Actual	2026/27 Upper limit
Average credit score for investments	1.04	1.02	2.00